



SR0640

LRB098 14486 GRL 49214 r

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SENATE RESOLUTION

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WHEREAS, Student loan debt is the only type of consumer debt in our nation's history to be categorically excluded from protection under our bankruptcy code; and

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WHEREAS, Less than 1% of federally guaranteed loans were actually discharged in bankruptcy prior to the enactment of this exclusion; and

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WHEREAS, Both the Consumer Bankers Association and the American Bankers Association openly opposed such discriminatory treatment of student loans; and

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WHEREAS, The federal government has stripped away numerous other consumer protections from borrowers of student debt, such as statutes of limitation on the collection of such debt, the ability to refinance interest rates, and protection under the federal Truth in Lending Act; and

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WHEREAS, The federal government presently generates a substantial profit from the origination of student loans, while countless borrowers default on their repayment obligations, because such loans are not protected under standard bankruptcy and consumer law; and

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1 WHEREAS, The removal of these basic consumer protections
2 has coincided with an exponential growth in the cost of
3 attending many of our State colleges and universities; and

4 WHEREAS, The return of these standard consumer protections
5 will require the United States Department of Education to take
6 its oversight role seriously, reduce the cost of college, and
7 decrease the current default rate; therefore, be it

8 RESOLVED, BY THE SENATE OF THE NINETY-EIGHTH GENERAL
9 ASSEMBLY OF THE STATE OF ILLINOIS, that we urge the United
10 States Congress to provide equality of treatment under the law
11 for all students by restoring full bankruptcy protections for
12 student loans, both private and federally guaranteed, and to
13 restore other standard consumer protections to student
14 borrowers, such as statutes of limitation on the collection of
15 student loan debt, protection under the federal Truth in
16 Lending Act, and the ability to refinance interest rates on
17 student loans; and be it further

18 RESOLVED, That suitable copies of this resolution be
19 delivered to United States Speaker of the House John Boehner
20 and United States Senate Majority Leader Harry Reid.